



# *News Release*

## **PRESS OFFICE**

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## **SBA Recovery Lending Extended Through April 30**

### *Administrator Mills urges longer-term extension for successful programs*

**WASHINGTON** – President Barack Obama signed on Friday legislation extending through April the U.S. Small Business Administration’s ability to provide enhancements in its two largest small business loan programs. The enhancements, first made available under the American Recovery and Reinvestment Act, include a higher guarantee on some SBA-backed loans and fee relief.

The SBA estimates the \$40 million extension will support about \$1.4 billion in small business lending.

“Thousands of small businesses across the country have taken advantage of these Recovery loan enhancements to get the capital they need during these tough economic times,” said SBA Administrator Karen Mills. “The increased guarantee and reduced fees on SBA loans helped put more than \$23 billion into the hands of small business owners and brought more than 1,100 lenders back to SBA loan programs. As a result, average weekly loan approvals by SBA have climbed by 86 percent compared to the weekly average before passage of the Recovery Act. These programs have been successful in helping jump-start our economy, which is why we will continue to work with Congress on a longer extension of the increased guarantee and reduced fees.

“Additionally, we continue to encourage the Congress to act on other proposals the President has put forward, including higher SBA loan limits and refinancing for commercial property mortgages to help thousands of small businesses avoid potential foreclosure. Small businesses need the changes the President has called for to ensure that they have the tools to drive economic growth and create jobs in communities all across the country.”

As part of the Recovery Act enacted on Feb. 17, 2009, SBA received \$730 million to help small businesses, including \$375 million to increase the SBA guarantee on 7(a) loans to 90 percent and to waive borrower fees on most 7(a) and 504 loans. The funds for these programs were exhausted on Nov. 23, 2009, and an additional \$125 million was provided in December. Those funds were exhausted in late February, 2010, and an additional \$60 million was provided subsequently. That funding was exhausted late Friday.

(more)

Under the new extension SBA may continue to waive loan fees and provide higher guarantee levels on 7(a) loans through April, 30, 2010, or until the funds provided under the bill are exhausted.

When the funds provided for March were exhausted, SBA reactivated the Recovery Loan Queue, as occurred in November and again in February, to cover the brief period of time before the funds from the extension become available, which should be within a few days.

Eligible small business loan applicants, in consultation with their lenders, may choose to be placed in the queue for possible approval of a Recovery Act loan when funding becomes available.

For non-Recovery Act 7(a) or 504 loans already funded during the Recovery Loan Queue period, this extension does not provide a retroactive guarantee or fee relief. Loans that were funded under non-Recovery Act terms cannot be canceled and resubmitted to take advantage of the Recovery Act extension provisions.

This extension does not affect other SBA Recovery Act programs, including the America's Recovery Capital (ARC) loan program or the agency's microloans. Recovery Act funding still remains available for both of those programs.

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